



Performance Appraisal

About this Topic: Performance Appraisal

Topic Mentor

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Topic Source Notes

Learn

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What Would You Do?

What would you do?

Doug began the performance appraisal by complimenting Alex on his outstanding client management skills. "Our best clients are singing your praises," he said. Then Doug gave Alex some positive feedback on his ability to stay within budget and meet deadlines. "You've really hit the right notes on these aspects of your job," he said to Alex. Alex grinned. Seeing Alex's response reassured Doug that he could comfortably move on to a more problematic area—the poor execution of his monthly reports. Doug explained that the reports were important documents used by other people in the company. Alex was surprised. He said if he had known how important they were, he would have spent more time on them. As the meeting ended, Doug sensed that Alex seemed to feel unfairly criticized. Doug wondered why and what he should do differently.

What would you do?

In preparation for the performance appraisal meeting, Doug might have considered why there was a problem with Alex's monthly reports and how he might have contributed to the problem. Had he provided Alex with clear direction and set appropriate expectations? When the meeting took place, Doug might have offered to help Alex on his next batch of monthly reports to show him how they could be improved. Finally, as the meeting drew to a close, Doug might have asked Alex for *his* suggestions on ways to do things differently in the future.

In this topic, you'll learn how to prepare for the appraisal process, give positive and negative feedback, track goals and progress, and help people develop their own career goals.

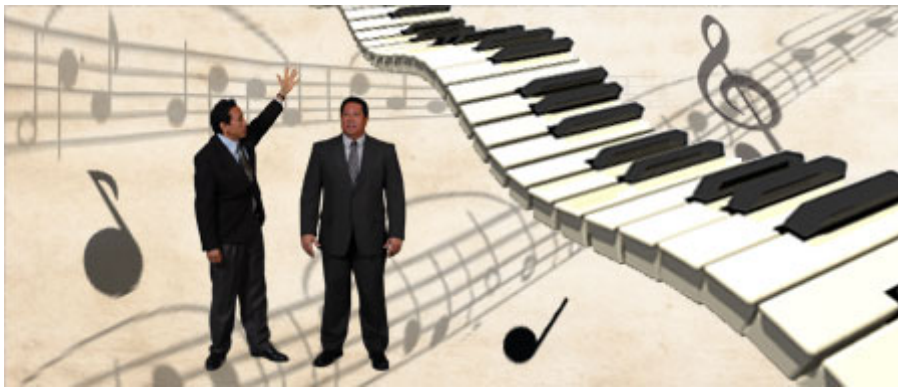
One of your most sensitive duties as a manager is conducting performance appraisals. How do you balance constructive criticism with praise and help your direct reports develop?

Topic Objectives

This topic contains relevant information on how to:

- Use informal performance assessments and feedback as part of your regular interactions with your employees
- Prepare for a formal performance meeting with a direct report
- Document a performance meeting
- Create a development plan with the employee

What is assessing performance?



Assessing performance is the formal review process you use to evaluate and support employee performance. It is part of a system of performance management that is based on goals you and your employees set together.

Through periodic informal reviews, you have an opportunity to see how well employees are performing relative to their goals and to provide opportunities for early intervention.

Formal performance appraisals are conducted at least once a year. This process helps the employee and the manager focus on the formal goals and performance expectations that can impact salary, merit increases, or promotions. Appraisal sessions are both a confirmation and a formalization of the ongoing feedback that should be part of every manager's relationship with his or her employees. As such, performance appraisals should never contain any surprises.

Leadership Insight: Cumulative conversations

One of the problems in most organizations is that performance appraisals are thought of as this horrible thing that happens once a year. They're 60 minutes, or 90 minutes. It's agony. You go in as an employee, and you don't know what's going to happen. As a manager, you've spent two hours the night before trying to think about things to say. You've filled out the form. There hasn't been any interaction. And largely, the activity is being done to drive the pay process, not as part of the ongoing development and thought about a person's value in the organization.

In fact, the performance appraisal should simply be the culmination, the documentation, and the final conversation in a yearlong set of what don't have to be big conversations, but small conversations about how somebody's doing, and how they can improve their performance, strengthen their performance, get better at things, and develop themselves, so that the conversation at the end of the year — whenever the end of that year is — is simply, "Let's remind ourselves of all the things we talked about this year." No surprises.

I'm also not a fan, I have to say, of the manager going out to the employee and saying, "Do your own performance appraisal. Give it to me, and then I'll edit it." I think that is a manager not stepping up to their responsibility. It ought to be a joint process. It ought to be two people talking to each other over the course of the year. And you can say, "I'm a manager. I'm busy. I don't have time. I have 15 employees, or 20 employees. I don't have time to sit down with them all for an hour a month."

It doesn't have to be an hour a month. It could be 10-minute conversations that are targeted and purposeful. They can be things as simple as, "You did a great job on Project X. I particularly liked the way that you handled the vendors on this project." It can be something as simple as,

"You know that presentation would have been even more effective if you used fewer slides. Next time, I'd be happy to go over your slides with you, if that would be useful."

Those are performance coaching conversations. And as long as they get documented someplace, that's what makes up the substance of the performance appraisal. And it makes it very easy to then think about development for the coming year, and the way in which that performance appraisal is going to play out and be of use to people, rather than painful.

Targeted, purposeful mini-conversations often build to the best reviews.

June Delano

Founding Partner, The ClearLake Group

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June has consulted in many industries and has led projects in Asia, Europe, Latin America, and the Americas. She is known for a deep understanding of the relationship between strategy, culture and learning, as well as ground-breaking approaches to leadership development.

She was a leader of the executive development practice at The Monitor Group, and previously held multiple positions at the Eastman Kodak Company, including Director of Worldwide Learning and Development, and Director of Executive and Management Development.

She has authored multiple articles, including "Communicating Across Differences: The Case for Becoming a Cosmopolitan Coach," published in the International Journal of Coaching in Organizations.

June holds a Bachelor of Arts in journalism from Michigan State University and a Master of Science in organization development from American University. She has studied psychology, leadership, and organization development at The Fielding Institute, the Gestalt Institute of Cleveland, and NTL Institute.

Key Idea: Importance of formal performance appraisals

Key Idea

Performance appraisals are an important tool in managing performance. They help you gain insight into how your employees are performing in their jobs. They are also important for these reasons:

- They communicate challenging yet realistic goals to your direct reports, so these goals can be achieved.
- They can increase productivity by providing timely feedback to employees.

- They help the organization make valid decisions with respect to pay, development, and promotions.
- They provide protection against legal suits by employees who have been terminated, demoted, or denied a merit increase.

Performance appraisals should be more than just a pat on the back or a warning. They are powerful tools you can use to develop your direct reports.

Your employee's role in the performance appraisal process

“ The skill to do comes from the doing. ”
–Cicero

Performance appraisals are an opportunity for you and your employee to sit down together to work on performance goals and issues. As a manager, think of the review process as a partnership with your employee. It is important to involve your employee in every stage of the appraisal process, so that you can see both sides of the story. This includes having your employee complete a self-appraisal.

In this self-appraisal, the employee evaluates his or her own performance against goals, and often also identifies factors that hindered or supported performance. The employee may summarize his or her achievements, and resources needed for past and future development. The format can vary, from a formal, written self-appraisal to an informal "jot down some notes" kind of process. The important element is getting the employee's perspective. Involving your employee in the process is also beneficial for the following reasons:

- It sets the tone of partnership for all reviews, both formal and informal.
- It reduces negative reactions to feedback.
- It promotes a trusting relationship between you and your employee.

Completing the picture



Evaluating your employee's performance involves reviewing multiple sources to gather as complete a picture of the employee's performance as possible. Your review should include the following documentation:

- The job requirements
- The employee's own performance goals
- Your criteria for successful performance

- The employee's history, including skills, past training, and past job performance
- Your documentation of performance observations and other relevant data
- Self-reporting by the employee
- If possible, 360-degree feedback—feedback from a full circle of the people who interact with the individual, which could include customers, peers, and the employee's direct reports

Key Idea: Evaluating your employee's performance

Key Idea

When you review your employee's performance, remember to give equal time to good performance as well as to performance problems. You are looking for specific examples that can be supported with documentation and that are worthy of discussion in your performance appraisal. In some cases, your performance appraisal involves a general rating of the employee's performance. Refer to your company's guidelines on rating overall performance.

For good or superior performance, make sure you know what specific details support the claim. The more specific the feedback, the more likely the employee can repeat and improve upon the behaviors.

For performance that needs improvement, try to identify the cause-and-effect links between the employee's behavior and attitudes and performance. Also ask yourself how you may have contributed to or interfered with your employee's performance. Consider some of the following factors that could be a supervisory responsibility: unclear expectations and/or direction, inadequate assistance and resources, lack of skills or experience to do the job, low motivation, low self-confidence.

Evaluating direct reports is a tough job. How will you further enhance high performance—while addressing areas needing improvement?

Documenting employee performance

It is important to record your observations and discussions as factually as possible. There are special legal considerations when documenting employee performance, so consult your human resources manager or internal legal team. If you don't have such a resource in your organization, you could consult a lawyer who specializes in employment law. This is especially advisable when an employee's performance is beginning to suffer or if you are planning to terminate an employee.

When documenting employee performance (positive or negative), include the following:

- Date
- What you observed
- Supporting data (reports, other people's feedback)
- Impact on your team and organization

Do not trust your memory; write it down. Keep the tone in your documents neutral and do not include anything that you would not be comfortable testifying to in a witness chair. Be especially careful to avoid using characterizations.

Materials to develop and bring to the meeting

To support your conversation with your employee, you need to bring the following documents to the meeting:

- Completed performance appraisal form in your company's format
- Copy of the job description
- Employee's goals for the appraisal period
- Any documentation that supports your appraisal

Activity: Get ready for an appraisal meeting

Preparation can help you conduct a performance appraisal meeting effectively. What steps should you take to prepare?

A year ago, Jeff became one of your direct reports in the accounting department. In the coming month, you will conduct his twice-a-year performance appraisal. Jeff came highly recommended for his job, and he has eight years of experience in finance. However, his performance in the job has not met your expectations. You want to look into possible explanations for his underperformance before the appraisal meeting.

Which of the factors below is *not* a likely explanation for Jeff's underperformance?

☐ Low motivation

Not the best choice. Low motivation may explain Jeff's underperformance, since you know he's capable of high performance based on his recommendation and experience.

☐ Inadequate assistance and resources

Not the best choice. Inadequate assistance and resources may explain Jeff's underperformance. Though he has extensive job experience elsewhere, he recently started in his current job. Perhaps the resources and assistance available to him are different from what he's used to.

☐ Lack of skills or experience

Correct choice. You have enough information about Jeff's career background to rule out inadequate skills or experience as a cause for his underperformance.

To continue exploring possible reasons for Jeff's underperformance, you review his self-assessment. Each employee completes a self-assessment one month before his or her performance appraisal meeting. In Jeff's self-assessment, he wrote that he often feels unsure about the correct procedures to follow in his job.

Given this information, what would be a good next step for exploring reasons for Jeff's underperformance?

☐ Compare Jeff's performance against that of his colleagues in the rest of the accounting department

Not the best choice. This action doesn't help you distinguish Jeff from members of the staff who have been with the company long enough to know all the procedures. Thus, it will only tell you what you already know: Jeff is underperforming.

- ☐ Ask Jeff to file additional weekly self-reports between now and his performance appraisal

Not the best choice. Asking Jeff to report more frequently on his own performance may only make him feel paranoid—which would not help you discern the root causes of his underperformance.

- ☐ Compare Jeff's performance against people who joined his department at roughly the same time

Correct choice. If Jeff is unclear about the procedures he should follow in his job, there may be a training problem in his department. Comparing his performance against people who joined his department at about the same time might be instructive. If they are all underperforming to varying degrees, then the problem could be training.

You investigate how Jeff's performance holds up against that of the three other people who joined the accounting department at roughly the same time. You discover that performance among the members of this group is generally lower than among employees who were hired at different times. Moreover, many of these underperforming employees report that they are having problems understanding processes and procedures.

Given this information, which item would be most useful to bring to Jeff's performance appraisal meeting?

- ☐ The training manual used for new members of the accounting department

Correct choice. Reviewing the training manual with Jeff might reveal that there are disparities between what's in the manual and how procedures and processes are actually carried out in the department.

- ☐ Performance records of direct reports who previously held Jeff's position

Not the best choice. This information is private and would not be appropriate to share with Jeff.

- ☐ Copies of the other employees' self-assessments indicating their difficulty understanding processes and procedures

Not the best choice. The self-reports of other employees are private and confidential. It would not be appropriate to share the contents of these reports with Jeff.

Getting off to a good start



People tend to be anxious when approaching performance appraisal meetings, so it is key that you set the tone of partnership right in the beginning. Start out with a review of the purpose and objectives of the performance appraisal and note its positive benefits for both parties. This psychologically prepares you and the employee, and it acts as a "warm-up" for open dialogue.

Then ask the employee to talk about his or her self-appraisal. This helps you understand the employee's point of view and prevents you from controlling too much of the conversation early on. Listen very carefully to what the person is saying, and don't interrupt until the person has had his or her say. Demonstrate that you are listening by repeating what you've heard.

For example, you might say: "If I understand you correctly, you feel that you are meeting all goals with respect to the weekly sales reports, but that you are struggling to contact all the key customers you've been assigned. Do I have that right?"

Discussing job performance

“ Nothing is more terrible than activity without insight. ”
-Thomas Carlyle

The purpose of a performance appraisal meeting is to encourage good performance or correct poor performance. In both cases, you need to base your job performance discussion on specific accomplishments compared to agreed-upon performance goals. Keep the focus on the performance and make sure not to personalize it. This is also a time to:

- Confirm that the employee understands what his or her responsibilities are and has the requisite skills and resources
- Discuss the coaching and training required to improve skills, motivation, and confidence
- Outline next steps. Spell out the specific actions you, the employee, or others will take and when. For positive performance, consider what actions can help sustain or strengthen the performance. For poor performance, identify actions that can help lead to improvement. Seek agreement and commitment from the employee. Toward the end of the meeting, establish the time and goals for your next follow-up meeting.

Key Idea: Addressing a performance problem

Key Idea

Giving feedback to correct performance may seem difficult or uncomfortable. However, remember that you are working together as a team and feedback is a necessary part of improving performance.

To help clarify an issue, describe the "gap" between the employee's performance goal and actual performance. If possible, identify an organizational objective that explains why the problem must be resolved. Emphasize the importance of performance improvement in terms of the individual's career goals. People can and do change when they understand the consequences of their behaviors and work.

Make sure the employee affirms your statements and agrees on the importance of improving his or her performance. Then move the discussion toward identifying the root cause of substandard performance. Ask the person why he or she may not be achieving desired goals. Listen carefully for the response. If you don't receive a thoughtful reply, probe with other questions.

For example: "Could the problem be that you need more training?" or "Are there too many distractions in the office?"

Remember, you'll get the best results addressing performance problems if you are firm but non-threatening. There may be many legitimate reasons for performance problems.

Discussing performance problems with direct reports can be tough, especially for new managers. But it's vital to the direct report's development—and to the health of the company.

Offering useful feedback

Identifying the root cause of performance gaps will, in most cases, create an atmosphere of objectivity in which both you and your direct report can contribute in positive ways. Your statements won't seem like attacks to your direct report; consequently, he or she won't be on the defensive. Instead, you'll be working together to address "the issue," which often lies outside the subordinate (e.g., lack of proper training, too few resources, the workplace environment in general). Some of the following strategies may help you offer more useful feedback:

- Encourage the employee to articulate points of disagreement
- Orient feedback toward problem-solving and action. To keep the ownership of the problem with the employee, give the employee the first opportunity to suggest a plan for eliminating the performance gap.
- Give feedback without the use of subjective, general attributes. Comments such as "You aren't a leader" or "You aren't committed" are not helpful.
- Avoid generalizations, such as "You just don't seem involved with your work," in favor of specific comments that relate to the job, such as "I have noticed that you haven't offered any suggestions at our service improvement meetings. Why is that?"
- Be selective in the data you choose to share. You don't need to recite every shortcoming or failing. Stick to the issues that really matter.
- Give authentic praise as well as meaningful criticism

Leadership Insight: Feedback sparks growth

When I think about developing others, I think it's almost like that old adage about when you're doing a presentation: Tell them what you're going to tell them, tell them, and then tell them what you told them.

So, when you're developing somebody, help them understand what their development opportunities are, give them the feedback so they know specifically what those development opportunities are, and then help them create a plan that helps them work on those development opportunities.

It's pretty straightforward, but not always easy to do. You've got to make sure that they can hear what you're telling them. When they can't, sometimes you have to take two or three different tacks until you get the right message across.

But really tell them what you're going to tell them, tell them, tell them what you told them, and then keep giving them feedback. Make sure you circle back with them and say, "This is how this particular assignment went," or "This is what I saw in this team meeting, this is what worked well, this is what you might try to do differently." So, just keep those lines of communication open because most people don't come to work and say, "You know what? Today I think I'm going to do a really bad job." They want to be successful — so help make them successful.

I had a leader many years ago, early on in my career when I was becoming a learning and development professional, who saw that I had potential. She knew what my development opportunities were, but she also knew that she could stretch me. I think I learned about developing others from her.

She gave me a stretch assignment and she told me, "Hey, this is going to be tough for you. This is not something you've done before. But, let's talk about what you're going to get out of this assignment. Let's talk about how I can help you, and let's talk about how often we are going to meet and talk about what's going on with that project."

Setting that framework up was very helpful for me. I ended up just knocking the ball out of the park on the project. She was delighted. I was delighted. The customer was delighted. It was a good thing, and it was one of the best lessons I learned from her.

Help your team members to be successful by giving stretch assignments and supporting them through the process.

Robin Jarvis

Senior Manager, Leadership Development, H-E-B Groceries

Robin Jarvis is the Senior Manager for the Leadership Development team at H-E-B, a Texas-based retail organization. Robin is responsible for the leadership development curricula, talent pipeline programs, H-E-B's assessment suite, and the internal scholarship program.

Robin joined H-E-B in 2008 after 9 years with Dell, where she held several roles in Human Resources including HR Generalist, Talent Acquisition Senior Manager, and multiple positions in Learning and Development.

She was also previously a Senior Performance Consultant in the Training and Development department at SEMATECH, Inc., where she was responsible for the development of a nationally recognized new-hire orientation program as well as the development of a global business skills curriculum.

Robin has a Bachelor of Arts in English and political science from Monmouth College.

Activity: What's wrong with this feedback?

For feedback to be useful, it must meet some important criteria. See if you can identify the problems and shortcomings of each of the following appraiser comments. Some of the comments may be problem-free!

"Your sales numbers are in the gutter. You'll be out of here if that doesn't change."

What's wrong with this feedback?

☐ Not specific

Not the best choice. This comment does in fact specify a real problem: low sales numbers.

☐ Negative and not specific

Not the best choice. Though the comment is negative, it does in fact specify a real problem: low sales numbers.

☐ Not action oriented and negative

Correct choice. This feedback doesn't suggest any specific course of action (beyond "get the numbers up!"). It is also an extremely negative comment. You should not try to gloss over the consequences of underperformance, but feedback like this usually inspires paranoia rather than improvement.

"We're afraid things aren't working out with you the way we'd like. Let's work together to see if we can't get you back on track."

What's wrong with this feedback?

☐ Not specific and negative

Not the best choice. This comment does not define the specific problem, but the comment uses a positive, constructive tone.

☐ Negative

Not the best choice. This comment uses a positive, constructive tone.

☐ Not action oriented and not specific

Correct choice. This comment does not lay out a plan of action for approaching the problem, nor does it define the specific problem.

"The problem is, even though we see you are working hard, you're mis-spending a lot of energy by not following the right processes."

What's wrong with this feedback?

☐ Not specific

Not the best choice. This comment identifies a specific problem (the direct report is not following processes correctly).

☐ Negative

Not the best choice. This comment is couched in a positive, we're-in-this-together tone.

☐ Not action oriented

Correct choice. This comment needs to propose a plan of action for solving the problem, such as "the direct report will undergo special coaching in the next month."

Taking notes



If you take notes during the meeting, state this up front and identify the purpose of the notetaking, such as, "Is it okay with you if I take some notes to document what we're discussing, so we can both remember what we've agreed to and our next steps?" If notetaking makes you or the employee uncomfortable, it's probably better just to summarize the meeting afterwards. Include in your notes or summary:

- The date
- Attendees
- Key points and phrases the employee used (not necessarily verbatim), including his self-appraisal
- Key points and phrases you used
- Issues or points of disagreement, if any
- Overview of the development plan

- Agreed-upon next steps

Key Idea: Creating a development plan

Key Idea

A development plan is an important tool for addressing the skills and/or behaviors that are to be worked on in the future. If you have prepared a draft of this document in advance of the meeting, and time permits, you can discuss it toward the end of an appraisal session. Often both parties need more time or additional information and prefer to reconvene to develop the plan together as a follow-up item after the meeting.

In either case, you and your employee need to work together to reach agreement on a development plan. You must then seek commitment from your employee to achieve the goals of the plan. A thorough development plan includes:

- Timeline
- Action steps
- Expected outcomes
- Training required, if applicable
- Specific goals
- Feedback required
- Practice required

The development plan then becomes part of the employee's record.

Before concluding the meeting, it's appropriate to conduct a brief review of what was useful in the meeting and what was not. Also ask for suggestions for ways to do things differently in the future.

A successful appraisal meeting doesn't add up to much unless it provides the direct report with a plan for growth. What steps do you need to lay out to ensure your employee's ongoing development?

Activity: Check the notes and make a plan

Examining the notes from an appraisal meeting can help you craft a development plan for your employee.

Diane, a manager, met with Carl recently to appraise his performance. The meeting went well, with plenty of positive discussion.

Diane took notes. She wrote about his high performance as a project leader, his habit of giving a lot of credit to his team members, his belief that the company "takes care" of him" and "gives him motivation to go above and beyond," and that he'd like to change the ways new projects are managed.

Judging from Diane's notes, what subject did she neglect to cover in the appraisal meeting with Carl?

- ☐ Reasons for Carl's high performance

Not the best choice. The meeting covered at least two reasons for Carl's high performance: the quality of his team members and the motivation he gets from the company.

- ☐ Next steps for Carl's development that he and Diane agreed on

Correct choice. Carl is a high performer with an interest in improving the way things are done in the company. Diane might have spent some time during the appraisal meeting discussing steps Carl could take to make even more of a contribution.

- ☐ Issues or points of disagreement

Not the best choice. The meeting was positive, so there weren't likely any issues or points of disagreement for Diane to record in her notes.

Diane asks you to help her work on Carl's development plan. Given the content of her notes, what would you recommend as the best next step for Carl's development?

- ☐ Have Carl focus on leading established projects, since he seems uncomfortable with the way new projects are managed

Not the best choice. This action would not offer Carl any opportunities to grow—which is the goal of a development plan for a high-performing employee.

- ☐ Continue having Carl lead both established and new projects, but ask him to work within the new-project management methods already established in the group

Not the best choice. This action would not offer Carl any opportunities to grow—which is the goal of a development plan for a high-performing employee.

- ☐ Suggest that Carl review the company's process for handling new projects and propose improvements

Correct choice. Carl expressed interest in seeing changes in the new-product management methods. Reviewing the existing methods and proposing improvements would help keep him engaged and challenged in his position. It could also lead to valuable new ideas and processes for the company.

Tim, a manager, has recently met with Marla to appraise her performance.

He took notes during the meeting. He wrote that she is doing well as a programmer, that she has handled simple projects with little trouble, that she believes she is ready to do more complex programming, and that she might like the idea of working on Sheila's new interactive project.

Judging from Tim's notes, what subject did he neglect to cover in the meeting?

- ☐ Reasons for Marla's high performance

Correct choice. Although Tim knows that Marla is doing well, he did not discuss with her the factors that contribute to her high performance. By specifying these factors, Tim could have helped Marla repeat and even improve on her good performance.

- ☐ Marla's short-term career goals

Not the best choice. Tim learned that Marla's immediate goal is to tackle more complex, interactive projects. And Marla expressed enthusiasm for the idea of working on Sheila's new project.

- ☐ Possible opportunities for Marla in the company

Not the best choice. Tim did discuss a new project with Marla that would give her an opportunity to tackle more complex programming tasks.

Given what's written in the notes, what is the best next step for Tim to take with Marla?

- ☐ Complete Marla's development plan

Not the best choice. Before completing Marla's development plan, Tim should make sure that he has defined a set of action steps for Marla. These steps will be included in the development plan.

- ☐ Ask Sheila if she has room for Marla on her project team

Correct choice. Tim needs to make sure that his idea for Marla's development—assigning her to Sheila's new project team—will work out in practical terms.

- ☐ See if Marla would be interested in training new employees

Not the best choice. Tim's notes do not suggest that Marla has any interest in training new employees. He should follow up on the new challenges in which she did express interest.

How to follow up



After you have completed your performance appraisal, make sure both you and the employee have a copy of the development plan or a written record of next steps and commitments.

You should plan on following up after every appraisal meeting. High performers and satisfactory performers will likely need less follow-up. However, if you've given them new, more demanding goals, you'll want to monitor their progress and determine if they need additional training, coaching, or support.

Employees with performance gaps who have committed to development plans should be more carefully monitored. In most cases, monitoring takes the form of a follow-up meeting every few weeks or months. Your goal in these meetings is to check up on your employee's progress against his or her development plan, and provide coaching if necessary.

Evaluating the performance appraisal meeting



Consider your side of the meeting. Did you create an open climate? Did you listen carefully to what the employee said? Was your feedback clear and specific? What worked and what could be improved upon next time?

Compare your view with the feedback you collected at the end of your meeting. Determine what changes you can make for future meetings with that person and for future meetings in general.

Leadership Insight: Be aware of your biases

I'm going to tell you about a case on capital budgeting that I was teaching recently. The case had three projects that my students had to choose from. And there is a little calculation that goes before it and then they do the calculation and figure out which project they want to invest in. Forty-five minutes into the case discussion I took a vote, and one-third of the class wanted Project A, one-third wanted Project B, and one-third picked Project C. And we were like, let's step back and analyze the situation. How is it possible that they all read the same case, had the same data, same analysis, and came to three very different conclusions? And we talked a little bit about how each one of us made the choice.

What we realized that each of us in the classroom had done was we picked which project was our favorite, and then worked backwards on assumptions in our calculation so that that project finished in the top.

So I think that's very instructive on how we make our decisions as human beings. You might think we have a very elaborate objective system with numbers, quantitative data, and analysis, but at the end of the day, we all do it very subjectively. It's our likes and preferences that determine our actions, and the numbers might just be a tool that helps us.

Being aware of this cognitive bias—that even if you use numbers, it's subjective at the end of the day—is extremely important in performance evaluation. Because when we're evaluating people rather than projects, these personal biases that we have come even more to the fore. So that's the first thing that we have to recognize. It's all subjective even if you pretend it's objective.

The second thing to keep in mind about subjective performance evaluation is that we always have great inflation. People have a very difficult time giving negative feedback and therefore they like to say everyone is about average.

The solution to these problems is not to move toward something more objective, but in fact try to make subjective performance evaluation work, but try to educate all of us about our own cognitive biases. If we are aware that we do determine things subjectively and that end of the day we have to make a subjective performance evaluation work and not get too carried with great inflation, I think we'd have a much better performance-evaluation system.

Recognize your personal preferences when doing performance evaluations.

V.G. Narayanan
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V.G. Narayanan is a professor at Harvard Business School, where he has taught Financial Reporting and Control, Measuring and Driving Corporate Performance, Management Control and Performance Measurement, and several executive education courses.

His current research is concerned with managerial accounting, including research on control issues in inter-organizational settings and the use of cost accounting and control systems in hospitals.

V.G. received his bachelor's in commerce from the University of Madras in 1988. He then received his MBA at IIM Ahmedabad in India. V.G. also has a Master of Science in statistics and Master of Arts in economics from Stanford University, as well as a Ph.D. in Business from Stanford's Graduate School of Business. V.G. is an Associate Member of the Institute of Chartered Accountants of India and a member of the American Accounting Association.

Frequently Asked Questions

What do I do if my employee does not have a current job description?

If the review is coming up, use goals and other documentation that you have agreed to in the absence of a more formal job description. Either you or a human resource manager should then write a current job description to bring to the performance appraisal meeting, so that you can use that as a baseline from then on.

My employee has had some family problems recently and his performance has been suffering. How should I handle this?

While you can be sympathetic, you must discuss the issues with him honestly and openly. Explain that you understand he has been under a lot of pressure, but review job expectations. Discuss possible solutions together and help prioritize his work, so that performance expectations are very clear.

I'm the manager, yet I always get nervous before a formal performance appraisal. What should I do?

It is common to think of the performance appraisal as a confrontational or unpleasant event. Remember the purpose of the appraisal is to help support your employee and promote excellent performance. To help keep you focused, bring clear agenda notes and use the opening as a time to establish rapport with your employee.

Overview

This section provides interactive exercises so you can practice what you've learned. These exercises are self-checks only; your answers will not be used to evaluate your performance in the topic.

Scenario

Assume the role of a manager in a fictional situation and explore different outcomes based on your choices (5-10 minutes).

Check Your Knowledge

Assess your understanding of key points by completing a 10-question quiz (10 minutes).

Scenario: Part 1

Part 1

Maria is about to evaluate her direct reports. She dislikes this part of her job because she often feels uncertain about how to handle an evaluation. This year, she wants to focus on improving her appraisal skills.

She starts with Paul. Maria's group has a three-tiered set of performance standards. When Paul joined the group, midway through the year, Maria suggested that he start off with a goal of meeting the lowest tier. As she reviews Paul's performance, she sees that Paul has performed within this tier, but at the very bottom.

Maria is disappointed with Paul's performance. Upon reflection, Maria realizes that when she was just starting out, her performance was easily twice Paul's. Maria wonders how to approach this performance issue.

When she meets with Paul, how should Maria approach the issue of Paul's performance?

- Ask Paul why he thinks his performance has been unsatisfactory—
at the bottom of the lowest tier

Not the best choice.

Paul has, in fact, met his goal, and Maria should acknowledge that. Maria is evaluating Paul's performance against an objective that they both agreed on, and he has met that objective: his performance is within the lowest tier. After recognizing that Paul has met his goal, Maria might then ask him what he thinks he needs to do to improve his performance. She should probe to understand Paul's perception of his performance and any barriers to improvement.

- Tell Paul she's disappointed with his performance, but wants to help him improve

Not the best choice.

Paul has, in fact, met his goal, and Maria should acknowledge that. When evaluating performance, she must evaluate against stated objectives. Maria and Paul agreed on an objective of the lowest tier, and he is within that tier. After recognizing that Paul has met his goal, Maria might then tell him that she wants to help him improve over the coming year. Maria will likely want to set stretch goals with Paul, and discuss how she can support Paul's efforts to meet the new objectives. Also, when evaluating performance, it's important that Maria not use herself as a yardstick and reference for measurement. She has likely been promoted because of proven high performance. She should measure an employee against *his* or *her* stated objectives, not *her* own past performance record.

- Acknowledge that Paul has successfully met his performance goal for the year

Correct choice.

Paul has met his goal: his performance is within the lowest tier. Maria is evaluating Paul's performance against an objective that they both agreed on, and he has met that objective. When Maria and Paul set his goals for the coming year, Maria will likely want to establish stretch goals with him—and then give him the support he needs to reach the new objectives.

Scenario: Part 2

Part 2

Next, Maria evaluates Rick's performance. He's had a solid record in the past. Last year, Maria and Rick agreed on ambitious goals, with the objective of moving into the top tier of the group's performance standards. As she reviews Rick's performance, she sees that although his performance has improved, he has not quite met the goal of moving into the top tier.

Maria thinks about the circumstances during the past year that prevented Rick from meeting his goal. Her top performer was promoted and left the team. She was replaced by a new employee, Paul, who is not yet up to speed. Rick has spent much of his time helping Paul learn the ropes. Maria ponders how she should address Rick's performance record when she meets with him.

When Maria meets with Rick, how should she address his performance record?

- Recognize that Rick has not met his stated, measurable objective—and discuss how to close this performance gap

Not the best choice.

During a performance appraisal, Maria should identify performance gaps as well as strategies for addressing them. In this case, however, it appears that changing circumstances, rather than Rick's lack of ability, have caused the gap.

Although Rick has not met his stated, measurable objective, he has improved in the face of changing circumstances. It would be better for Maria to recognize the circumstances that turned this goal from achievable to less realistic—and to acknowledge her role in not revisiting and revising the goal.

- Recognize Rick's improvement and, given the circumstances, say that she feels he has met his objective

Good choice.

Rick has improved, and recognizing his improvement is a good way to start the meeting. Although Rick has not met his stated objective, changing circumstances made that goal less realistic and achievable. Maria should acknowledge those circumstances, as well as her role in not revisiting and revising the goal in light of the changes.

- Acknowledge the role she played in Rick's inability to meet his stated objective

Correct choice.

During the year, Maria should have revisited Rick's goals with him and revised them to reflect the group's changing circumstances. When she set this stretch goal with Rick, it may have been achievable and realistic. However, during the year, it became less realistic, and perhaps not even achievable.

While Maria wants to acknowledge her role in not revisiting the goal, she should also ask Rick to help identify goals that might need revisiting in the future. Periodic informal reviews throughout the year can help her revise goals that are no longer realistic, as well as identify and intervene in any performance problems.

Scenario: Part 3

Part 3

Finally, Maria turns to Harriet's performance appraisal. Harriet has clearly met her goal—performing at the high end of the second tier of the group's performance standards. However, in addition to group performance standards, the group has established a set of team norms. The norms describe how the team wants to work together. One of these norms states that team members should collaborate with one another—and places team results above individual results.

Over the past year, Maria has observed instances when Harriet has not fully collaborated with others. Maria can describe her behavior, as well as its impact on team results. She has wanted to address this issue with Harriet for some time and wonders how to go about it.

When Maria meets with Harriet, what should she do?

- Maria decides not to address this issue with Harriet during her performance appraisal and instead sets up another meeting to discuss it

Correct choice.

Separating this issue from the performance appraisal is a wise decision. As a manager, you play two roles: evaluator and coach. When *evaluating* an employee, you measure the performance of that employee against stated objectives. When *coaching* an employee, you often examine weaknesses in order to determine how the employee can improve. An employee is less likely to acknowledge weaknesses during a formal performance appraisal because such appraisals often determine raises, bonuses, and chances of promotion. If you separate coaching from the formal appraisal, an employee is likely to be more comfortable discussing weaknesses and ways to improve.

- Maria tells Harriet that she is not meeting the team collaboration norm, and describes the behavior she has observed and its impact on team results

Not the best choice.

The performance appraisal is a time to measure performance against stated objectives. Collaboration is a team norm, not one of Harriet's performance objectives. However, Maria should set up a separate meeting to discuss collaboration. When she has a coaching session with Harriet, she can then describe the behavior she has observed and its impact on team results. Also, she may

want to include team collaboration as one of Harriet's goals for the coming year.

- She tells Harriet that for some time, she has wanted to talk about how Harriet collaborates with the rest of the team

Not the best choice.

A performance appraisal is not a time for surprises. If Maria has periodically reviewed goals with Harriet during the year, she should not need to introduce unexpected news during a performance appraisal. Also, collaboration is a team norm, not one of Harriet's performance objectives. Maria should, however, set up a separate coaching session to discuss Harriet's difficulty collaborating. Finally, she may want to include team collaboration as one of Harriet's goals for the coming year.

Scenario: Conclusion

Conclusion

Maria has concluded her performance appraisals of Paul, Rick, and Harriet. She began the process with an objective of learning how she can improve her skills. Now she writes down what she's learned. In the future, she wants to:

- Evaluate performance against measurable goals
- Refrain from using her own performance as a yardstick
- Review and update goals periodically throughout the year
- Acknowledge her role in an employee's difficulty in meeting goals
- Separate the dual roles of evaluating and coaching employees
- Avoid presenting any surprises during a performance appraisal

Activity: Check Your Knowledge: Question 1

Complete this sentence: "Performance appraisals are part of a larger system of performance management that includes _____ and _____."

- Setting goals *and* conducting periodic informal reviews

Correct choice.

The performance management cycle begins with goal setting by each employee and team. Periodic informal reviews provide an opportunity to see how well each employee is performing relative to his or her goals.

- Developing specific short-term *and* long-term objectives

Not the best choice.

Though you may discuss short-term and long-term objectives during a performance appraisal, this answer omits an additional component of an effective performance management system: periodic informal reviews. The performance management cycle begins with goal setting by each employee and team. Periodic informal reviews provide an opportunity to see how well each employee is performing relative to his or her goals.

- [Team vision and organizational strategies](#)

Not the best choice.

Though you may discuss team vision and organizational strategies during a performance appraisal, this answer omits an additional component of an effective performance management system: periodic informal reviews. The performance management cycle begins with goal setting by each employee and team. Periodic informal reviews provide an opportunity to see how well each employee is performing relative to his or her goals.

Check Your Knowledge: Question 2

How frequently should you conduct a formal performance appraisal for each employee?

- [Every three months.](#)

Not the best choice.

Every three months is probably too frequent. Most managers conduct a formal performance appraisal for each employee at least once a year. This process helps the employee and the manager focus on the formal goals and performance expectations that can impact salary, merit increases, or promotions.

To manage performance effectively, though, it is important to also engage in informal, ongoing performance assessments. Information gathered at informal meetings can minimize surprises at the formal annual meeting.

- [At least once every eighteen months \(six fiscal quarters\).](#)

Not the best choice.

Once every eighteen months is probably too infrequent. Most managers conduct a formal performance appraisal for each employee at least once a year. This process helps the employee and the manager focus on the formal goals and performance expectations that can impact salary, merit increases, or promotions.

To manage performance effectively, though, it is important to also engage in informal, ongoing performance assessments. Information gathered at informal meetings can minimize surprises at the formal annual meeting.

- [At least once a year.](#)

Correct choice.

Most managers conduct a formal performance appraisal for each employee at least once a year. This process helps the employee and the manager focus on the formal goals and performance expectations that can impact salary, merit increases, or promotions.

To manage performance effectively, though, it's also important to engage in informal, ongoing performance assessments. Information gathered at informal meetings can minimize surprises at the formal annual meeting.

Check Your Knowledge: Question 3

Which of the following statements about performance goals is true?

- Goals must be challenging, but achievable

Correct choice.

Goals that are challenging but *not* achievable are frustrating and therefore will not motivate employees to commit to reaching them.

- An effective goal always includes a contribution to the individual's personal and career growth

Not the best choice.

While contributing to an individual's personal or professional growth is useful, it's more important that goals support the organization's strategy and direction. The correct answer is "Goals must be challenging, but achievable." Goals that are challenging but *not* achievable are frustrating and therefore will not motivate employees to commit to reaching them.

- Goals ideally reflect the outcome to strive for, but do not have to be fully achievable

Not the best choice.

Goals *do* need to be achievable. If they're not, they will frustrate employees. When employees feel frustrated by an unachievable goal, they will not be motivated to work toward reaching the goal.

Check Your Knowledge: Question 4

You are the manager of a customer service team. Which of the following should you not include in a performance review for one of your direct reports?

- The employee's own opinions of his performance

Not the best choice.

Your evaluation actually *should* include self-reporting. The information you would *not* include in a performance review are your opinions about what others think of the employee's performance. Such opinions won't be helpful to the direct report. If you want to include other employees'

feedback on your direct report's performance, don't provide opinions (for example, "I think the other team members are frustrated by your lack of participation in meetings"). Instead, offer facts—the actual data representing others' evaluations of the employee's performance. For instance, "Two of your five teammates said they wanted you to speak up more during meetings."

- Your opinions about what others think of the employee's performance

Correct choice.

Your opinions about what others think of the employee's performance won't be helpful to the direct report. If you want to include other employees' feedback on your direct report's performance, don't provide opinions (for example, "I think the other team members are frustrated by your lack of participation in meetings"). Instead, offer facts—the actual data representing others' evaluations of the employee's performance. For instance, "Two of your five teammates said they wanted you to speak up more during meetings."

- Specific examples of the employee's customer service supported by documentation

Not the best choice.

Your evaluation actually *should* include examples of the employee's customer service supported by documentation. The information you would *not* include in a performance review are your opinions about what others think of the employee's performance. Such opinions won't be helpful to the direct report. If you want to include other employees' feedback on your direct report's performance, don't provide opinions (for example, "I think the other team members are frustrated by your lack of participation in meetings"). Instead, offer facts—the actual data representing others' evaluations of the employee's performance. For instance, "Two of your five teammates said they wanted you to speak up more during meetings."

Check Your Knowledge: Question 5

When scheduling a performance appraisal, which of these locations is suggested as the optimal setting?

- Off-site, in a neutral setting, such as a restaurant

Not the best choice.

An off-site setting such as a restaurant would likely create too many distractions for a performance appraisal and set too informal a tone. Instead, conduct the appraisal on-site, in a neutral business setting such as a small conference room. Pick a time and place that minimize distractions. Also, schedule the meeting in advance so that you and the employee have enough time to prepare.

- On-site, in a business setting

Correct choice.

Hold the performance appraisal on-site, in a neutral business setting such as a small conference room. Pick a time and place that minimize distractions. Also, schedule the meeting in advance so that you and the employee have enough time to prepare.

- On-site, in the employee's office

Not the best choice.

Holding the performance appraisal in the employee's office would likely create too many distractions. Instead, conduct the appraisal on-site, in a neutral business setting such as a small conference room. Pick a time and place that minimize distractions. Also, schedule the meeting in advance so that you and the employee have enough time to prepare.

Check Your Knowledge: Question 6

When preparing for a performance appraisal meeting, you should gather a completed appraisal form that you have filled out, a copy of the goals for the appraisal period, and the employee's completed performance appraisal form (if available). What other key document would be useful?

- A copy of the employee's job description

Correct choice.

In addition to ensuring that the employee's performance meets the stated goals and is consistent with the organization's strategy and direction, the appraisal meeting is an appropriate time to ensure that the employee's performance is consistent with his or her job description.

- A copy of the organizational strategy

Not the best choice.

Though understanding the organization's strategy is always useful, it's more important to bring a copy of the employee's job description to the appraisal in addition to your completed appraisal form, goals for the appraisal period, and the employee's completed appraisal form (if available). The appraisal meeting is an appropriate time to ensure that the employee's performance is consistent with his or her job description.

- A copy of the employee's previous appraisal (if any)

Not the best choice.

Though keeping records of the employee's previous appraisals can be useful, it's more important to bring a copy of the employee's job description to the appraisal in addition to your completed appraisal form, goals for the appraisal period, and the employee's completed appraisal form (if available). The appraisal meeting is an appropriate time to ensure that the employee's performance is consistent with his or her job description.

Check Your Knowledge: Question 7

"360-degree feedback" is suggested as a source of information to consider when preparing for an appraisal meeting. What does the term "360-degree feedback" encompass?

- [Direct observation feedback from peers](#)

Not the best choice.

Peers constitute only one of the many groups of people who would provide their impressions of an employee's performance through 360-degree feedback. The term "360-degree feedback" refers to the full circle of people who interact with the employee whose performance you're evaluating. These individuals could include customers, peers, and, if applicable, the employee's direct reports.

- [Feedback that includes self-reporting by the employee](#)

Not the best choice.

Self-reporting by the employee is not part of 360-degree feedback. The term "360-degree feedback" refers to the full circle of people who interact with the employee whose performance you're evaluating. These individuals could include customers, peers, and, if applicable, the employee's direct reports.

- [Feedback from customers, peers, and, if applicable, the employee's direct reports](#)

Correct choice.

"360-degree feedback" refers to the full circle of people who interact with the employee whose performance you're evaluating. These individuals could include customers, peers, and, if applicable, the employee's direct reports.

Check Your Knowledge: Question 8

At what point during the performance appraisal meeting should the employee talk about his or her self-appraisal?

- [After you have given your performance appraisal and feedback](#)

Not the best choice.

This would actually be too late in the appraisal meeting. The suggested timing for having the employee talk about his or her self-appraisal is after the initial review of the meeting's purpose and objectives and before you provide your feedback. This timing helps you understand the employee's point of view and prevents you from controlling the conversation early on in the meeting.

- [After the initial review of the appraisal's purpose and objectives and before your feedback](#)

Correct choice.

The suggested timing for having the employee talk about his or her self-appraisal is after the initial review of the meeting's purpose and objectives and before you provide your feedback. This timing helps you understand the employee's point of view and prevents you from controlling the conversation early on in the meeting.

- Either before or after your performance feedback; ask the employee which would be more comfortable for him or her

Not the best choice.

You should take a more structured approach to timing the employee's discussion of his or her self-appraisal. The suggested timing for having the employee talk about his or her self-appraisal is after the initial review of the meeting's purpose and objectives and before you provide your feedback. This timing helps you understand the employee's point of view and prevents you from controlling the conversation early on in the meeting.

Check Your Knowledge: Question 9

In discussing a performance problem, one suggested approach is to identify a "performance gap." What is a performance gap?

- A difference between the employee's performance goal and his or her actual performance

Correct choice.

A performance gap in an appraisal setting refers to a difference between the employee's stated written goal and his or her actual performance.

Once you've jointly identified a performance gap, and if the performance goal is still valid, you and the employee can begin to develop a plan to close the gap.

- Lack of alignment between the employee's performance and the organization's strategy

Not the best choice.

Though it's important for an employee's performance to align with the organization's strategy, this is not the correct definition of a performance gap. A performance gap describes a difference between the employee's stated performance goal and his or her actual performance.

Once you've jointly identified a performance gap, and if the performance goal is still valid, you and the employee can begin to develop a plan to close the gap.

- A disparity between the employee's performance and the responsibilities listed in his or her job description

Not the best choice.

Though it's important for an employee's performance to match the responsibilities listed in his or her job description, this is not the correct definition of a performance gap. A performance gap describes a difference between the employee's stated performance goal and his or her actual performance.

Once you've jointly identified a performance gap, and if the performance goal is still valid, you and the employee can begin to develop a plan to close the gap.

Check Your Knowledge: Question 10

True or false? When conducting a performance appraisal, you shouldn't let the performance appraisal form direct the flow of the meeting.

- True

Correct choice.

When conducting a performance appraisal, you should not let the performance appraisal form direct the flow of the meeting. Doing so can lock you and the employee into an item-by-item negotiation of specific issues and make the employee defensive.

- False

Not the best choice.

This statement is actually true. When conducting a performance appraisal, you should *not* let the performance appraisal form direct the flow of the meeting. Doing so can lock you and the employee into an item-by-item negotiation of specific issues and make the employee defensive.

Check Your Knowledge: Results

Your score:

Steps for preparing for a performance appraisal meeting

1. Schedule early.

- Notify the employee of the meeting well in advance. This gives both parties time to prepare.
- Pick a time and place that will minimize distractions.

2. Agree on content.

- Discuss the nature of the meeting with the employee.
- Give the employee a copy of the appraisal form and ask for a self-appraisal.
- Agree on what will be discussed (for example, the self-appraisal, reviewing your completed appraisal form, summarizing strengths and areas for improvement, creating the development plan).

3. Agree on process.

- Agree on the process and sequence of the meeting—that is, how much time will be spent on discussion, problem solving, and action planning.
- Establish ground rules for communication to ensure constructive feedback and careful listening.

4. Choose a neutral location.

- If possible, meet in neutral territory. This helps establish open communication.
- Avoid sitting behind a desk—a desk symbolizes authority.
- Choose a business time and setting. Don't schedule a performance appraisal meeting over lunch.

Steps for conducting a performance appraisal meeting

1. Set the stage.

- Be welcoming when the employee comes in. Try to make the employee feel as comfortable as possible.
- Review the agreed-upon content for the meeting. This helps prepare both of you and serves as a "warm-up" for open dialogue.
- Review guidelines, such as working together as partners on performance issues, and remind the employee that their input is necessary and valuable.

2. Let the employee start the discussion.

Have the employee discuss his or her own appraisal first. Avoid trying to control the conversation. Ask probing questions to uncover the employee's perspective and assessment:

- "How do you feel things are going on the job?"
- "What's going well and what problems are you having?"

Work to understand the employee's point of view. This is the time to focus on his or her understanding, not the time to agree or disagree.

3. Give and receive feedback.

Make appraisal a two-way process:

- Let the individual know how you view his or her performance against agreed-upon goals. State points of agreement and then compare opinions.

For example, say, "Let me summarize how I see your performance, then we can compare our perceptions."

- Reinforce what the individual has done well.

Tell the employee, for example, "You've done a terrific job in organizing the quarterly sales meetings, and your contributions at staff meetings are exemplary. Keep it up!"

- Summarize where improvement is needed.

"So, as it stands, you need to increase your weekly customer contacts."

- Avoid generalizations such as, "You just don't seem motivated," in favor of specific comments that relate to the job.

For example, "I've noticed that you've missed several consecutive deadlines. What's behind that?"

- Seek shared understanding of the need for improvement.

"Could you summarize what you heard regarding the need for improvement?" Wait for a response.

- Encourage the employee to respond to points of disagreement.
- Ask for clarification, if necessary.

"I'm not sure what you mean by that. Give me an example."

4. Develop and agree on a development plan (or do this as a follow-up item if preferred).

- Avoid a climate of "blaming"; emphasize problem solving instead.

"Over the next six months, how can we eliminate the performance problems we've discussed?"

- Let the employee suggest a plan for improving performance in problem areas.

"How would you go about working on this?"

- React to and perhaps expand on the employee's ideas in the development plan. This will make him or her less defensive.
- If he or she cannot formulate a good development plan, or seems unmotivated to do so, take a more direct approach.
- Include task assignments, training programs, experimentation with new approaches, working closely with a more skilled associate, or a change in goals.
- Identify specific ways in which you can better support the employee and provide resources that will help to improve performance.
- Seek the employee's agreement.
- Communicate the consequences for improving or not improving.

"I'd like to be able to consider you for a promotion when you've made progress in this area." "This is an essential requirement for someone in this job. I'm optimistic that you'll make progress."

5. Wrap up.

- Summarize feedback, beginning with positive comments first.
- Confirm next steps for improving performance, where applicable.
- Review new performance goals and the development plan to achieve them.
- Before concluding the meeting, conduct a brief review. Ask the employee what was useful and not so useful about the meeting. Also ask for suggestions about what you could do to make future feedback sessions more helpful.
- Thank the employee for his or her commitment.

6. Follow up.

- Create a written record of the plans requiring follow-up and the commitments you've made. Make sure the employee has a copy.
- Schedule periodic sessions for coaching and for checking on adherence to the development plan.
- Evaluate the performance appraisal meeting.
- Use the appropriate tool to think through how successful you were in supporting the goals of the meeting.

Tips for preparing for a performance appraisal meeting

- Ask direct reports to rate their own performance using copies of the appraisal form.
- Minimize surprises during the appraisal meeting by giving feedback on a regular basis. Don't keep people in the dark until the annual review rolls around.
- Make information gathering ongoing. Don't wait until the week of the appraisal meeting to gather important information about the employee.
- Be prepared to discuss specific examples of good and poor performance.
- If possible, meet in neutral territory. This helps establish open communication.
- Avoid sitting behind a desk—a desk symbolizes authority.
- Choose a business time and setting. Don't schedule a performance appraisal meeting over lunch.

Tips for conducting a performance appraisal meeting

- Don't let the performance appraisal form dictate the interview. Doing so can lock you and the employee into an item-by-item negotiation of specific issues and make the employee defensive.
- Keep feedback descriptive and specific. Point out particular behaviors and incidents and relate them to specific performance goals.
- Get to the root causes of performance problems, including yourself as a possible cause. This will help you and the employee create a viable development plan.

Performance appraisal preparation checklist

<i>Performance Appraisal Preparation Checklist</i>		
<i>Complete this checklist to make sure you are properly prepared for an appraisal meeting.</i>		
Have You?	Yes	No
1. Scheduled the meeting?		
2. Given the employee notice and a copy of the appraisal form for a self-appraisal?		
3. Reviewed the job requirements?		
4. Reviewed the employee's performance goals as well as your criteria?		
5. Reviewed the employee's history, including skills, past training, and past job performance?		
6. Carefully looked for "gaps" between stated goals and actual performance?		
7. Identified the cause and effect links between the employee's attitudes and behavior and his or her performance?		
8. Completed the performance appraisal form?		
9. Noted specific strengths and how they can be enhanced or sustained during more challenging times or work assignments?		
10. Noted problems that need to be discussed and listed specific examples?		

If you have answered "no" to any of the above questions, you might consider delaying the meeting until you can answer "yes" to every question.

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Performance appraisal evaluation checklist

Performance Appraisal Evaluation Checklist

Complete this checklist after you've conducted a performance appraisal meeting to improve future meetings.

Question	Yes	No	Comments
1. Did you create an open climate?			
2. Did you and the employee start the meeting with an understanding of its purpose and process?			
3. Were you and the employee prepared?			
4. Did you listen carefully to what the employee said?			
5. Did you provide clear and specific feedback?			
6. Did you learn anything new about the employee that will help you coach him or her in the future?			
7. Did you learn anything new about yourself?			
8. Did the meeting end with mutual agreement about the employee's development plan?			
9. Did the meeting motivate the employee?			
10. Did the employee leave with a clear understanding of your assessment?			
11. Does the employee know what to do in the future to improve performance?			
12. Do you know what you'll change during the next appraisal meeting?			

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Individual development plan worksheet

Individual Development Plan Worksheet

Use this form to help strengthen an employee's professional abilities by matching the individual's skills, business interests, and work values with opportunities for growth.

Developmental Goals		Measures of Achievement/Expected Outcomes	
1.			
2.			
3.			

Methods to Be Used

On-the-Job Learning
What challenging assignments should this employee work on to build skills and achieve developmental goals? List the goal number next to each item.

Goal #	Type of assignment	Time Frame

Training/Education
What specific training, educational experiences, and performance support measures (including online learning) can be used to develop desired skills and assist in achieving the employee's goals? List the goal number next to each item.

Goal #	Type of Training/Education/Support	When	Cost Estimate

Support Needed
What additional support is needed to achieve the employee's goals (e.g., coaching, mentoring, etc.)? How will it be provided?

Monitoring Progress
Who will provide feedback on the employee's progress, and how often? Be as specific as you can regarding who is involved and how often progress will be assessed.

Time Frame
Start date of plan: _____ Anticipated completion date: _____

Agreement — This plan is agreed to as indicated by the signatures below.

Plan Participant	Date	Manager	Date

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Why Develop Others?

“At the end of the day, you bet on people, not strategies.”

Larry Bossidy
Former CEO, AlliedSignal

In today's global business environment, markets and regulations change quickly. Competitors constantly innovate. Technological changes are the norm.

In order to outmaneuver the competition and meet the demands of the moment, organizations must be agile. They must execute flawlessly. And they must transform themselves continuously.

Are your leaders ready?

Dr. Noel M. Tichy
Professor
University of Michigan Ross School of Business

We have now entered an era where I don't care what industry you're in, you need leaders who can make decisions, make judgment calls at every single level. All the way down to the interface with the customer.

If you go to a company like Google or any of the high tech companies, a lot of the innovation that Amazon does is happening right at the front line. Go ahead, try it, put it out there, we'll learn from it. That cannot happen if the senior leadership doesn't have a commitment to both develop the leadership capability, but develop the business through engaging people at all levels of the organization.

Becoming a teaching organization

I like to tell parents that they cannot delegate their responsibility to develop their children. And I think it is the same in an organization. Day in and day out the person that has the biggest impact on people in the organization is the next level above and the associates around and below. And so to build a learning organization I say is not enough. Learning could be, you know we are learning cooking, we are learning this or that, but teaching organizations, when I learned something, I have a responsibility to teach my colleagues.

So everybody takes responsibility for generating new knowledge and it is not enough to be a learner, you then have to translate it into teaching.

The Virtuous Teaching Cycle

The role of a leader is to ensure that the people who work for them and around them are better every day. There's only one way to make people better. It's to teach them, learn from them, create what I call "virtuous teaching cycles", not command and control.

A virtuous teaching cycle is teach learn, teach learn. And the leader has a responsibility for reducing the hierarchy, for having a point of view to start the discussion, but then to be responsible to hear everyone's voice, get everyone involved in a disciplined way. It is not a free for all. But it is the leader's responsibility to create that virtuous teaching cycle.

A wonderful example of virtuous teaching cycle is the program that Roger Enrico ran at Pepsi, where every one of the 10 vice presidents comes with a business project.

Roger Enrico gets smarter as result of five days with 10 vice presidents, because he's learning from them. He needs to lower the hierarchy. He needs to be open to learning. And in turn, the people participating need to be energized and empowered to come up and engage in problem solving.

Another example is at Best Buy, where every morning in the stores you would bring 20 associates or so together and they would review the profit and loss statement from the day before, what we learned from the different customer segments in our stores, what we can do to improve our performance this day. And they do that every single day. The store manager was learning mostly from the associates on the floor.

That was a virtuous teaching cycle where everybody is teaching everybody, everybody is learning and the result has been an incredible result at Best Buy.

"The growth and development of people is the highest calling of leadership."

- Harvey S. Firestone

Founder, Firestone Tire and Rubber Co

There are clear advantages to leader-led development.

But for many leaders, taking on teaching, coaching, and other development responsibilities can seem daunting. You might avoid taking on these roles due to lack of time, resources, or your own lack of comfort with this role.

The following tips and resources can help you impart valuable learning to your team every day.

To develop others...

- Start with a Teachable Point of View

The first requirement of being able to develop other leaders is to have what I call a teachable point of view. I often give the example of, if I ran a tennis camp and you just came to day one of the tennis camp, I better have a teachable point of view on how I teach tennis. So you are standing there looking at me and it has got four elements. One, the ideas, well how do I teach the backhand, the forehand, the serve, rules of tennis. Then if I am a good tennis coach, I have a set of values. What are the right behaviors I want, how do I want you to dress, how do I want you to behave on the tennis court.

But if that's all I have, what do I do? Show you a power point presentation and then expect you to hit 500 backhands, 500 serves, run around for eight hours. I have to have a teachable point of view on emotional energy. How do I motivate you to buy in to the ideas and values?

On one end of the spectrum it could be I threaten you with corporal punishment, the other I can give you stock options, I can make you feel good about yourself, I can help you develop as a human being, what motivates you.

And then finally, how do I make the tough judgment calls, the yes/no, decisions as the tennis coach, the ball is in, the ball is out. I don't hire consultants and set up a committee, it is yes/no. And the same with running a business, what are the products, services, distribution channels, customer segments that are going to grow top line growth and profitability of the organization.

What are the values that I want everyone in the organization to have, how do I emotionally energize thousands of people, and then how do I make the yes/no, judgments on people and on

business issues. So the fundamental building block of being able to develop other leaders is to have that teachable point of view just like the tennis coach.

To develop others...

- Lead with questions

Questions are hugely important because you want to create dialogue and again, what I call a virtuous teaching cycle where the teacher learns from the students and vice versa. Which means everybody ought to be free to ask whatever is on their mind, whatever it will take to get clarity and understanding, but it is not the leader just coming in and freeform asking questions. I believe the leader has a responsibility for framing the discussion, for having as best they can a teachable point of view, they may need help from their people in flushing it out, but they need to set the stage but then it has to be a very interactive, what I call virtuous teaching cycle environment, teach learn, teach learn, teach learn.

To develop others...

- Make it part of your routine

A good example to me of an outstanding leader developing other leaders is Myrtle Potter who at the time I am commenting was Chief Operating Officer of Genentech running the commercial side of the business. And she would take time at the end of every single meeting and do some coaching of the whole team on how we could perform as a team better, and then she would often take individuals and say, could we spend 10 minutes over a cup of coffee, I want to give you some feedback and coaching on that report that you just presented on or how you are handling a particularly difficult human resource issue, but it was part of her regular routine. And I think the challenge for all of us as leaders is to make that a way of life and it is built into the fabric of how we lead and it is not a one off event, three times a year. It is happening almost every day.

To develop others...

- Make it a priority

One of the biggest challenges in getting people kind of on this path is to overcome some of their own resistance, either fear or the way I view the world I don't have time for this, everybody can make time. Roger Enrico is CEO of Pepsi. He didn't have time to go off for a week at a time and run training sessions. He had to readjust his calendar. So it requires you to look in the mirror and say, is this important. If it is important, of course I can make the time. Then I have to get over my own anxiety on how well I can do it, but it is a commitment to get on the path that says: this is how I am going to drive my own performance and the performance of my colleagues.

To develop others...

- Learn to teach

I think the biggest mistake is to assume you are going to be good at it right off the bat. It is like learning anything else. First time you go out and try and play tennis, good luck. But you got to stay with it and you got to engage your people in helping make you better and them better. And so it is a journey you need to get on, not I am going to do it perfectly when I start out.

If you want to be a great leader who is a great teacher, it's very simple. You have got to dive into the deep end of the pool. But you've got to dive into the pool with preparation. I don't want you drowning. I want you succeeding. It is extraordinarily rewarding for most human beings to teach others. I think once you can turn that switch on, it is self perpetuating. You get a lot of reinforcement, your team is better. You perform better because your performance goes up and it becomes this virtuous teaching cycle.

Your opportunity to develop others

We've heard why developing others can drive greater business results, and how to make the most of your leader-led development efforts. The materials provided in Develop Others enable you to create personalized learning experiences for YOUR team within the flow of their daily activities. Use the guides and projects to engage your team quickly. And to explore how key concepts apply to them in the context of their priorities and goals.

The value of teaching is the performance of the organization is totally dependent on making your people smarter and more aligned every day as the world changes. In the 21st century we are not going to get by with command and control. We are going to have to get by with knowledge creation. The way you create knowledge in an organization is you create these virtuous teaching cycles where you are teaching and learning simultaneously, responding to customer demands and changes, responding to changes in the global environment. My bottom line is if you're not teaching, you're not leading.

A leader's most important role in any organization is making good judgments — well informed, wise decisions about people, strategy and crises that produce the desired outcomes. When a leader shows consistently good judgment, little else matters. When he or she shows poor judgment nothing else matters. In addition to making their own good judgment calls, good leaders develop good judgment among their team members.

Dr. Noel M. Tichy

Professor, University of Michigan Ross School of Business

Dr. Noel M. Tichy is Professor of Management and Organizations, and Director of the Global Business Partnership at the University of Michigan Ross School of Business. The Global Business Partnership links companies and students around the world to develop and engage business leaders to incorporate global citizenship activities, both environmental projects and human capital development, for those at the bottom of the pyramid. Previously, Noel was head of General Electric's Leadership Center at Crotonville, where he led the transformation to action learning at GE. Between 1985 and 1987, he was Manager of Management Education for GE where he directed its worldwide development efforts at Crotonville. He currently consults widely in both the private and public sectors. He is a senior partner in Action Learning Associates. Noel is author of numerous books and articles, including:

For more information about Noel Tichy, visit <http://www.noeltichy.com>.

Share an Idea

Leaders are in a unique position to recognize the ideas and tools that are most relevant and useful for their teams. If you only have a few minutes, consider sharing an idea or tool from this topic with your team or peers that is relevant and timely to their situation.

For example, consider sending one of the three recommended ideas or tools below to your team with your comments or questions on how the idea or tool can be of value to your organization. By simply

sharing the item, you can easily engage others in important conversations and activities relevant to your goals and priorities.

[Tips for preparing for a performance appraisal meeting](#)
[Steps for conducting a performance appraisal meeting](#)
[Creating a development plan](#)

To share an idea, tip, step, or tool with your comments via e-mail, select the EMAIL link in the upper right corner of the page that contains the idea, tip, step, or tool that you wish to share.

Discussion 1: Tackling performance appraisal challenges

For many of your team members who have direct reports, appraising their employees' performance may constitute one of their toughest challenges. For example, team members may have difficulty knowing how to discuss job performance. Or they may struggle to craft development plans that help poor performers improve or high performers master new skills.

But performance appraisal is a central responsibility for anyone with direct reports. When your team members appraise their people's performance effectively, they generate important benefits for the organization overall — including increased productivity and useful information for promotion and compensation decisions.

Use these resources to lead a discussion with your team about what they find most challenging about performance appraisal and how they might surmount those challenges.

Download resources:

[Discussion Invitation: Tackling Performance Appraisal Challenges](#)
[Discussion Guide: Tackling Performance Appraisal Challenges](#)
[Discussion Slides: Tackling Performance Appraisal Challenges \(optional\)](#)
[Tips for Preparing for and Leading the Discussion](#)

Note: If your team contains only a few members who have direct reports of their own, consider partnering with a peer manager to co-lead the discussion for a combined group of managers from both of your teams.

Working through the discussion guide can take up to 45 minutes. If you prefer a shorter 15- or 30-minute session, you may want to focus only on those concepts and activities most relevant to your situation.

Discussion 2: Documenting employee performance

Many of your team members who have direct reports may not regularly record their employees' performance as part of the performance appraisal process. It's all too easy to get busy with other things and neglect to keep these records. As a consequence, team members may wait until just before an employee's formal performance review to recall what the person did well and what he or she needs to improve.

As a result, the performance review may be general or vague; for example, "Evan has developed his analytical skills" or "Siobhan needs to get better at working in teams." Such assessments don't help your team members' employees improve their performance.

By learning how to document their employees' performance on a regular basis and in specific terms, your team members can provide the feedback and guidance their direct reports need to deliver their best on the job.

Use these resources to lead a discussion with your team about any difficulties they may be experiencing with documenting their employees' performance and how they might surmount those difficulties.

Download resources:

[Discussion Invitation: Documenting Employee Performance](#)

[Discussion Guide: Documenting Employee Performance](#)

[Discussion Slides: Documenting Employee Performance \(optional\)](#)

[Tips for Preparing for and Leading the Discussion](#)

Note: If your team contains only a few members who have direct reports of their own, consider partnering with a peer manager to co-lead the discussion for a combined group of managers from both of your teams.

Working through the discussion guide can take up to 45 minutes. If you prefer a shorter 15- or 30-minute session, you may want to focus only on those concepts and activities most relevant to your situation.

Start a Group Project

Just like any change effort, successfully incorporating new skills and behaviors into one's daily activities and habits takes time and effort. After reviewing or discussing the concepts in this topic, your direct reports will still need your support to fully apply new concepts and skills. They will need to overcome a variety of barriers including a lack of time, lack of confidence, and a fear of making mistakes. They will also need opportunities to hone their skills and break old habits. To help ensure their success, you can provide safe opportunities for individuals and your team as a whole to practice and experiment with new skills and behaviors on the job.

For example, to encourage the adoption of new norms, you can provide your team members with coaching, feedback, and additional time to complete tasks that require the use of new skills. Management approaches such as these will encourage team members to experiment with new skills until they become proficient.

Group learning projects provide another valuable technique for accelerating team members' development of new behaviors. A group learning project is an on-the-job activity aimed at providing team members with direct experience implementing their new knowledge and skills. Through a learning project, team members discover how new concepts work in the context of their situation, while simultaneously having a direct and tangible impact on the organization.

The documents below provide steps, tips, and a template for initiating a group learning project with your team, along with two project recommendations for this topic.

Download resources:

[Tips for Initiating and Supporting a Learning Project](#)

[Learning Project Plan Template](#)

[Learning Project: Prepare for and Conduct a Performance Appraisal](#)

[Learning Project: Document an Employee's Performance](#)

Appraising Employee Performance in a Downsized Organization

Tom Krattenmaker. "Appraising Employee Performance in a Downsized Organization." *Harvard Management Update*, May 2009.

[Download file](#)

Summary

In the wake of layoffs, when morale is low and workers are taking on the duties of missing colleagues, managers can be tempted to back away from performance appraisals. But especially in hard times, employees need honest feedback on their performance and the reassurance that they are part of your organization's future. Don't withhold this from them—they need it now more than ever.

Making Performance Reviews Less Stressful—for Everyone

Beverly Ballaro. "Making Performance Reviews Less Stressful—for Everyone." *Harvard Management Update*, January 2008.

[Download file](#)

Summary

Few people relish having their professional performances spotlighted and judged by others. And few managers enjoy delivering performance evaluations—which frequently hold the possibility of miscommunication and misinterpretation. The trick is to package a meaningful assessment in terms palatable enough to effect real change. This article provides guidelines to make the next performance review you conduct easier to deliver and easier to hear.